

House Study Bill 305

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SHOMSHOR)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing the office of energy independence and the
2 Iowa power fund and related provisions, and providing an
3 effective date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2901YC 82

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1 1 Section 1. NEW SECTION. 469.1 DEFINITIONS.

1 2 For the purposes of this chapter:

1 3 1. "Board" means the Iowa power fund board created in
1 4 section 469.4.

1 5 2. "Committee" means the due diligence committee created
1 6 in section 469.5.

1 7 3. "Director" means the director of the office of energy
1 8 independence.

1 9 4. "Fund" means the Iowa power fund created in section
1 10 469.7.

1 11 5. "Office" means the governor's office of energy
1 12 independence.

1 13 Sec. 2. NEW SECTION. 469.2 OFFICE OF ENERGY
1 14 INDEPENDENCE.

1 15 The office of energy independence is established in the
1 16 office of the governor to coordinate state activities
1 17 concerning energy independence.

1 18 Sec. 3. NEW SECTION. 469.3 DIRECTOR OF OFFICE OF ENERGY
1 19 INDEPENDENCE.

1 20 1. A director of the office of energy independence shall
1 21 be appointed by the governor, subject to confirmation by the
1 22 senate, and shall serve at the pleasure of the governor. The
1 23 governor shall fill a vacancy in the office in the same manner
1 24 as the original appointment was made. The director shall be
1 25 selected primarily for administrative ability and knowledge
1 26 concerning renewable energy, renewable fuels, and energy
1 27 efficiency. The salary of the director shall be fixed by the
1 28 governor.

1 29 2. The director shall do all of the following:

1 30 a. Direct the governor's office of energy independence.

1 31 b. Coordinate the administration of the Iowa power fund.

1 32 c. Lead outreach and public education efforts concerning
1 33 renewable energy, renewable fuels, and energy efficiency.

1 34 d. Pursue new research and investment funds from federal
1 35 and private sources.

2 1 e. Coordinate and monitor all existing state and federal
2 2 renewable energy, renewable fuels, and energy efficiency
2 3 grants and programs.

2 4 f. Advise the governor and general assembly concerning
2 5 renewable energy, renewable fuels, and energy efficiency
2 6 policy and legislation.

2 7 g. Establish performance measures for determining
2 8 effectiveness of renewable energy, renewable fuels, and energy
2 9 efficiency efforts.

2 10 h. Utilize assistance from the department of economic
2 11 development regarding administration of grants, loans, and
2 12 other financial incentives related to section 469.7,
2 13 subsection 4, paragraph "a", subparagraph (1), the department
2 14 of natural resources and the utilities board regarding
2 15 assistance in the administration of grants, loans, and other
2 16 financial incentives related to section 469.7, subsection 4,
2 17 paragraph "a", subparagraph (2), and other state agencies as

2 18 appropriate.
2 19 i. Develop a state energy plan.
2 20 j. Submit an annual report to the governor and general
2 21 assembly by November 1 of each year concerning the activities
2 22 and programs of the office, Iowa power fund, and other
2 23 departments related to renewable energy, renewable fuels, and
2 24 energy efficiency. The report shall include an assessment of
2 25 needs with respect to renewable energy, renewable fuels, and
2 26 energy efficiency efforts and policy and fiscal
2 27 recommendations for renewable energy, renewable fuels, and
2 28 energy efficiency. In addition, the director shall review
2 29 issues relating to the transportation of biofuels and explore
2 30 leading and participating in multistate efforts relating to
2 31 renewable energy and energy efficiency.
2 32 k. Adopt rules pursuant to chapter 17A concerning the
2 33 office, the Iowa power fund, and the programs and functions of
2 34 the office and the fund.

2 35 Sec. 4. NEW SECTION. 469.4 IOWA POWER FUND BOARD.

3 1 1. A fifteen-member Iowa power fund board is created with
3 2 the following membership:

3 3 a. The chairperson of the utilities board or the
3 4 chairperson's designee.

3 5 b. The director of the department of economic development
3 6 or the director's designee.

3 7 c. The director of the department of natural resources or
3 8 the director's designee.

3 9 d. The secretary of agriculture or the secretary's
3 10 designee.

3 11 e. Seven members appointed by the governor subject to
3 12 confirmation by the senate. An appointee shall have
3 13 demonstrated experience or expertise in one or more of the
3 14 fields of renewable energy, renewable fuels, energy
3 15 efficiency, greenhouse gas reductions, utility operations,
3 16 research and development of new technologies,
3 17 commercialization of new technologies, and economic
3 18 development.

3 19 f. Four members of the general assembly serving as ex
3 20 officio, nonvoting members, appointed as follows:

3 21 (1) One member appointed by the president of the senate.

3 22 (2) One member appointed by the minority leader of the
3 23 senate.

3 24 (3) One member appointed by the speaker of the house of
3 25 representatives.

3 26 (4) One member appointed by the minority leader of the
3 27 house of representatives.

3 28 A legislative member is eligible for per diem and expenses
3 29 as provided in section 2.10.

3 30 2. The members appointed by the governor shall be
3 31 appointed for three-year staggered terms beginning and ending
3 32 as provided in section 69.19. A vacancy on the board shall be
3 33 filled for the unexpired term in the same manner as the
3 34 original appointment was made.

3 35 3. The members of the board shall be reimbursed for actual
4 1 and necessary travel and related expenses incurred in the
4 2 discharge of official duties. Each member of the board may
4 3 also be eligible to receive compensation as provided in
4 4 section 7E.6.

4 5 4. A majority of the members of the board constitutes a
4 6 quorum, and a majority of the total membership of the board is
4 7 necessary to act in any matter within the jurisdiction of the
4 8 board.

4 9 5. The duties of the board include all of the following:

4 10 a. Consider and approve grants, loans, or investments and
4 11 other financial incentives made from the fund.

4 12 b. Advise the governor and director concerning strategic
4 13 direction for the fund.

4 14 c. Provide the governor with advice concerning economic
4 15 development, policy, technical issues, and strategic direction
4 16 concerning renewable energy, renewable fuels, and energy
4 17 efficiency.

4 18 d. Direct moneys from the fund to be used to purchase
4 19 private or public technical assistance needed to conduct due
4 20 diligence activities.

4 21 Sec. 5. NEW SECTION. 469.5 DUE DILIGENCE COMMITTEE.

4 22 1. A seven-member due diligence committee is created to
4 23 review applications that will come before the board for
4 24 financial assistance from moneys in the fund. The committee,
4 25 after a thorough review, shall determine whether a proposed
4 26 project using moneys from the fund is practical and shall
4 27 provide recommendations to the board regarding any moneys
4 28 proposed to be expended from the fund. Membership of the

4 29 committee shall consist of the following:

4 30 a. One member designated by the director of the office of
4 31 energy independence with expertise in the financing of new
4 32 businesses.

4 33 b. One member designated by the president of the state
4 34 board of regents.

4 35 c. One member designated by the director of the department
5 1 of economic development.

5 2 d. One member designated by the director of the Iowa
5 3 energy center.

5 4 e. One member from a single bioscience development
5 5 organization determined by the director of the department of
5 6 economic development to possess expertise in the promotion and
5 7 commercialization of biotechnology.

5 8 f. Two members of the Iowa power fund board designated by
5 9 the chairperson of the board.

5 10 2. A majority of the members of the committee shall
5 11 constitute a quorum, and a quorum shall be necessary to act on
5 12 any matter within the jurisdiction of the committee.

5 13 3. The director of the office of energy independence shall
5 14 provide office space, staff assistance, and necessary supplies
5 15 and equipment to the committee. The director shall budget
5 16 moneys to pay the compensation expenses of the committee. In
5 17 performing its functions, the committee is performing a public
5 18 function on behalf of the state and is a public
5 19 instrumentality of the state.

5 20 Sec. 6. NEW SECTION. 469.6 CONFLICTS OF INTEREST.

5 21 If a member of the board or due diligence committee has an
5 22 interest, either direct or indirect, in a project for which
5 23 financial assistance may be provided by the board, the
5 24 interest shall be fully disclosed to the board in writing.
5 25 The member having the interest shall not participate in the
5 26 decision-making process with regard to the provision of such
5 27 financial assistance to the project.

5 28 Sec. 7. NEW SECTION. 469.7 IOWA POWER FUND.

5 29 1. An Iowa power fund is created in the state treasury
5 30 under the control of the office. The fund shall be separate
5 31 from the general fund of the state and the balance in the fund
5 32 shall not be considered part of the balance of the general
5 33 fund of the state. However, the fund shall be considered a
5 34 special account for the purposes of section 8.53, relating to
5 35 generally accepted accounting principles.

6 1 2. The fund shall be used to further the goals of
6 2 increasing the development, production, and use of biofuels
6 3 and other sources of renewable energy, improve energy
6 4 efficiency, and reduce greenhouse gas emissions, and shall
6 5 encourage and provide for research, development,
6 6 commercialization, and the implementation of energy
6 7 technologies and practices. The technologies and practices
6 8 should reduce this state's dependence on foreign sources of
6 9 energy and finite fossil fuels, reduce emissions of greenhouse
6 10 gases and other environmental impacts, and meet the demand for
6 11 energy services in an economically viable manner. The
6 12 research, development, commercialization, implementation, and
6 13 distribution of such technologies and practices are intended
6 14 to sustain the environment and develop business in this state
6 15 as Iowans market these technologies and practices to the
6 16 world.

6 17 3. The fund shall consist of appropriations made to the
6 18 fund and other moneys available to and obtained or accepted by
6 19 the office from federal or private sources to the credit of
6 20 the fund. Notwithstanding section 12C.7, subsection 2,
6 21 interest or earnings on moneys in the fund shall be credited
6 22 to the fund.

6 23 4. a. Moneys available in the fund for a fiscal year are
6 24 appropriated to the office to be used in providing financial
6 25 assistance to entities conducting business, research, or
6 26 programs in Iowa:

6 27 (1) To accelerate research and development, knowledge
6 28 transfer, technology innovation, and improve the economic
6 29 competitiveness of efforts furthering the goals stated in
6 30 subsection 2.

6 31 (2) To increase the demand for and educate the public
6 32 about technologies and approaches furthering the goals stated
6 33 in subsection 2.

6 34 b. Eligibility criteria for grants awarded or loans made
6 35 pursuant to paragraph "a" after due diligence activities shall
7 1 be established by the director by rule, and shall include
7 2 documentation relating to the actual or potential development
7 3 of the following:

7 4 (1) Commercialization of technology and product

7 5 development for sale in the national and international market.
7 6 (2) Utilization of crops and products grown or produced in
7 7 this state.
7 8 (3) Reduction of greenhouse gas emissions and carbon
7 9 sequestration.
7 10 (4) Private or federal matching funds.
7 11 c. The board may reclaim any moneys granted or loaned if
7 12 the commitments set forth in the documentation required
7 13 pursuant to paragraph "b" are not met.
7 14 d. All grant and loan recipients must provide to the board
7 15 a report on the use and effectiveness of the moneys granted or
7 16 loaned on a periodic basis as determined by the board.
7 17 5. Except as otherwise designated by law, the office shall
7 18 not utilize more than two hundred fifty thousand dollars of
7 19 the amount appropriated from the fund for a fiscal year for
7 20 administrative costs.
7 21 6. Notwithstanding section 8.33, moneys credited to the
7 22 Iowa power fund shall not revert to the fund from which
7 23 appropriated.

7 24 Sec. 8. ENERGY EFFICIENCY STUDIES == IOWA UTILITIES BOARD.

7 25 1. ENERGY EFFICIENCY PLANS. The Iowa utilities board, in
7 26 cooperation with gas and electric utilities, shall conduct a
7 27 study of the energy efficiency plans and programs offered by
7 28 all gas and electric utilities pursuant to section 476.6 to
7 29 determine the status and effectiveness of energy efficiency
7 30 programs in the state, using the most accurate and up-to-date
7 31 information available to the board during the time period
7 32 prescribed for the study. The board shall report the results
7 33 of the study, with recommendations to use best practices to
7 34 increase energy efficiency and reduce energy consumption, to
7 35 the members of the general assembly by January 1, 2008.

8 1 2. FUTURE CONSUMER ENERGY REDUCTION PLAN. The board shall
8 2 conduct a consumer survey and study relating to consumer
8 3 knowledge of energy use and energy efficiency, and methods for
8 4 increasing such knowledge, with the objective of reducing
8 5 consumer energy utilization. The board shall report the
8 6 results of the study to the members of the general assembly by
8 7 January 1, 2008.

8 8 Sec. 9. EFFECTIVE DATE. This Act, being deemed of
8 9 immediate importance, takes effect upon enactment.

8 10 EXPLANATION

8 11 This bill creates the governor's office of energy
8 12 independence, the position of director of the office of energy
8 13 independence, the Iowa power fund board, a due diligence
8 14 committee, and the Iowa power fund in new Code chapter 469.
8 15 Duties for the office, director, board, and committee are
8 16 specified. Grants, loans, and investments and other financial
8 17 incentives made from the fund are subject to approval by the
8 18 board.

8 19 The bill provides that the Iowa power fund shall be used to
8 20 further the goals of increasing the development, production,
8 21 and use of biofuels and other sources of renewable energy,
8 22 improve energy efficiency, and reduce greenhouse gas
8 23 emissions, and shall encourage and provide for research,
8 24 development, commercialization, and the implementation of
8 25 energy technologies and practices. Further, the technologies
8 26 and practices are intended to reduce the state's dependence on
8 27 foreign sources of energy and finite fossil fuels, reduce
8 28 greenhouse gas emissions, and meet the demand for energy in an
8 29 economical manner, sustain the environment, and develop
8 30 business in Iowa.

8 31 The bill specifies that moneys appropriated to the fund or
8 32 otherwise deposited into the fund shall be used to provide
8 33 financial assistance to entities in this state conducting
8 34 business, research, or programs to accelerate research and
8 35 development, knowledge transfer, technology innovation, and
9 1 improve economic competitiveness, and to increase the demand
9 2 for and educate the public about technologies and approaches,
9 3 all in furtherance of the goals established for the fund.
9 4 Eligibility criteria for grants or loans from the fund, to be
9 5 established by the director, are set forth.

9 6 The bill provides for the establishment of two energy
9 7 efficiency studies to be conducted by the Iowa utilities
9 8 board, relating to energy efficiency plans and programs
9 9 offered by gas and electric utilities pursuant to Code section
9 10 476.6, and relating to consumer knowledge of energy efficiency
9 11 and methods for increasing such knowledge, respectively.

9 12 The bill takes effect upon enactment.

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